

THE GREAT AUSTRALIAN MOVEMENT

Effects of the California and Australian Gold Discoveries on the Commerce of the World.

The Emigration Mania in England, Scotland, and Ireland, &c., &c., &c.

THE EFFECT OF THE CALIFORNIA AND AUSTRALIA GOLD DISCOVERIES ON THE CURRENT AND VALUE OF PROPERTY.

From the London Times, June 25.

The considerations which, three years ago, were almost devoted to the probable effects of the increased supply of gold, are now assuming a preponderance of curiosity in the public mind. It is not, however, as it is easy to understand why it has not hitherto been more decidedly expressed. The land owners do not care to avow the full extent of their hopes, and to stimulate the public mind to a class for preventive meddling. That class on the other hand, together with the much larger body who dislike everything that upsets routine and necessitates thought, endeavor to persuade themselves into indifference. Their original disbelief, having been forcibly overcome, they look with a new refuge in the conclusion that fresh use for the precious metals will prevent any alteration of value. The remaining class, consisting of ordinary men of business, who are not affected by the bias of either the landowners or the timid class, would discuss a subject which they have no time to work out, and on which, nevertheless, they are expected to be perfectly clear. Under these circumstances, although it may involve a repetition of former statements, it will be necessary to more the general bearings of the whole question.

To arrive at an exact solution it would be necessary to ascertain the amount of gold and silver in the world, and the present annual consumption for each metal. This is impossible, and the actual quantities must consequently be taken from conjecture. It has been estimated that the total of gold has been increased at £400,000,000. Of this £150,000,000 may be assumed to be gold, and £250,000,000 silver. The annual consumption of gold is believed to be £28,000,000.

Starting with these figures, the demand for gold would be likely to continue limited to its ordinary amount, an estimate of the effect of the supplies now pouring upon us could easily be formed. Those who believe in the discovery of California having an excess of upwards of £30,000,000 over what has hitherto been found sufficient for current wants, and to maintain an equilibrium in the general relation of property. The increase, therefore, has been equal to twenty per cent. of the gold in existence; in other words, the measure of value would appear to have been extended one-fifth (just as if a twenty-five inch measure were extended to twenty inches). Hence the effect to be looked for is obvious. Where gold is the standard, the measure of every article adjusts itself to the relation it bears to that metal. If sovereigns were twice as numerous, a man would demand two where he now takes one. An increase of twenty per cent in the supply should, therefore, result in a corresponding advance in the nominal value of all things.

But signs are wanting of any such general advance. It is necessary, therefore, to inquire—first, whether any absolute test is available by which the change can be ascertained; and secondly, whether any one instance, although it may have been counteracted in others; and next, if this be impossible, whether the apparent anomaly can be explained on other grounds.

The first ground on which a test would be sought in the price of silver, that article, next to gold, having hitherto been the least liable to variation. But it was long ago pointed out that in those countries where gold and silver constituted equally a legal tender, one metal became relatively more valuable than the other, and that the surplus of gold would thus be reduced, and a large amount of disengaged silver be thrown upon the bullion market in its stead. Previous to the Californian discoveries, silver was the standard in the United States, because since the periods when the double standard was fixed in those countries, it had increased rather more rapidly than gold, and all persons having payments to make selected it, therefore, the value of gold was relatively less than it is now. France, however, as compared with gold, was less than 2 per cent, while in America it was merely fractional. When the Californian supplies came forward, the difference soon disappeared, and silver became relatively more valuable than gold, and the displacement which then, of course, occurred. When 100 francs in gold, instead of being worth 102 francs in silver, fell in value to a fraction below 100 francs in the latter metal, it became forthwith more valuable than gold, and the displacement was complete. In this way a large infusion of gold took place in France, while in the United States it absolutely became the most common circulating medium. Thus, the effect of the discovery of gold was not to increase the value of that metal, but to have diffused over gold and silver, and hence, instead of being equal to 20 per cent, which would have been the case if the £150,000,000 of gold had alone been in question, it has been only 7 1/2 per cent, and has spread over the entire £400,000,000 of gold and silver.

By a recognition of this fact, all surprise at the absence of any very striking disturbances up to the present time is removed. There is quite enough to account for the fact, and an influence operating on one side to the extent of 7 1/2 per cent has been partially rendered imperceptible by the force of circumstances in an opposite direction. In the first place there have been the effects of increased production from free trade and free navigation, the latter of which has been particularly noticeable. A large amount of goods that would otherwise have been in store or in transit to find its way to market. Next, it is impossible to estimate what would have been the extent of the depression in Germany (and Italy, and, lastly, there remains to be taken into account the uniform tendency to a fall in prices consequent upon the march of invention and the simplification of labor.

We have now, however, to consider the future. So long as there is any demand for gold and silver, and countries where, owing to the existence of a double standard, it is optional for the debtor to pay either in gold or in silver, the effects of the increased production will continue to be extended with metals, and the surplus of gold will be less than it is now. It should be, as has been estimated, £25,000,000, its influence on prices could be but 6 or seven per cent. But the period must rapidly approach when the displacement of silver will be complete, and when the change will be complete. It is not, however, in France the existing amount of silver is still doubtless very large, but this is not the case in the United States, and the proposed law by which the coin below a dollar are to be deteriorated 91 per cent will reduce the quantity of silver in circulation to a small amount. In Germany the debased state of the silver coin will likewise for a long time preserve it from displacement. In Holland silver has been already established as the standard, and cannot be displaced. Even if we were to take the value of nations it is difficult to form any estimate. On the whole, however, we may infer the possibility of the displacement process still occupying three or four years, and that during that time, therefore, the effects of the discovery of gold will be spread, as they have thus far been, over both metals.

At the end of that period the consequences will be felt by gold alone, and the relations of property measured by a gold standard, will proportionately exhibit more rapidity of change than when measured by a silver standard. It is not, however, to be overlooked that the increase of gold each year will have meanwhile diminished the per centage of alteration which would otherwise take place. For instance, the total amount of gold in the world, which is now £150,000,000, and a production which, operating upon the first sum, would cause a rise in prices of ten per cent, would, under these circumstances, cause only an additional rise of six per cent. This is a feature of great importance in the whole question, because it constantly tends to counteract that increasing ratio of disturbance which might be anticipated, if the supply of each succeeding year should prove larger and larger. It is likewise to be borne in mind that, while the displacement of silver is in progress, there will be a proportionate diminution in the inducement to seek it. If the quantity of gold were doubled to-morrow, a man who is at present content to work for one ounce a week, would then not be content with less than two ounces.

In the face, however, of these qualifying circumstances, and of the uncertainty of all the assumed totals that have been dealt with, it will be plain to most persons that there is no reason to suggest some very great ideas as to the magnitude of the change coming on. A mistake of a hundred millions in the figures, one way or the other, would only make a difference of three or four years (where the annual supply is at the rate of £30,000,000) in the date of the displacement. Even if the annual supply of £400,000,000 of assumed money available to be acted upon, it would require little more than fifteen years of the existing production to cause an alteration in the relations of property, of fifty per cent.

But it is urged, that the discovery of gold impales the trade on a luxury by these discoveries, and the greater prosperity of the whole world, will cause an increased demand for coin for circulation, and a vast consumption both of gold and silver in manufactures and the arts. It is difficult to see how any such consequences are arrived at. The California and Oregon communities have pisen up, numbering two or three hundred thousand souls, among whom commerce has shown an activity never before witnessed, and yet a few millions of bullion have sufficed to maintain an abundance of gold and silver in the means of exchanging it which are used in the process.

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States have yet to be introduced. We have here, therefore, the question of the limited demand that would be created over by the founding of the mightiest societies, while as regards more settled countries, it is certainly a mistake to suppose that the requirements for coin increase with the growth of commercial intelligence. When a man would put the like amount into a savings bank; and in the same manner even our poorest tradesmen, instead of keeping money in a safe, resort universally to some established bank, and find there the convenience of a drawing account. Cheques, bills of exchange, postage stamps, clearing houses, circular notes, money orders, railroad and steamboat season tickets—all show the rapid tendency of civilization to the necessity of the coinage of the precious metals; and it is not, however, as it is easy to understand why it has not hitherto been more decidedly expressed. The land owners do not care to avow the full extent of their hopes, and to stimulate the public mind to a class for preventive meddling. That class on the other hand, together with the much larger body who dislike everything that upsets routine and necessitates thought, endeavor to persuade themselves into indifference. Their original disbelief, having been forcibly overcome, they look with a new refuge in the conclusion that fresh use for the precious metals will prevent any alteration of value. The remaining class, consisting of ordinary men of business, who are not affected by the bias of either the landowners or the timid class, would discuss a subject which they have no time to work out, and on which, nevertheless, they are expected to be perfectly clear. Under these circumstances, although it may involve a repetition of former statements, it will be necessary to more the general bearings of the whole question.

To arrive at an exact solution it would be necessary to ascertain the amount of gold and silver in the world, and the present annual consumption for each metal. This is impossible, and the actual quantities must consequently be taken from conjecture. It has been estimated that the total of gold has been increased at £400,000,000. Of this £150,000,000 may be assumed to be gold, and £250,000,000 silver. The annual consumption of gold is believed to be £28,000,000.

Starting with these figures, the demand for gold would be likely to continue limited to its ordinary amount, an estimate of the effect of the supplies now pouring upon us could easily be formed. Those who believe in the discovery of California having an excess of upwards of £30,000,000 over what has hitherto been found sufficient for current wants, and to maintain an equilibrium in the general relation of property. The increase, therefore, has been equal to twenty per cent. of the gold in existence; in other words, the measure of value would appear to have been extended one-fifth (just as if a twenty-five inch measure were extended to twenty inches). Hence the effect to be looked for is obvious. Where gold is the standard, the measure of every article adjusts itself to the relation it bears to that metal. If sovereigns were twice as numerous, a man would demand two where he now takes one. An increase of twenty per cent in the supply should, therefore, result in a corresponding advance in the nominal value of all things.

But signs are wanting of any such general advance. It is necessary, therefore, to inquire—first, whether any absolute test is available by which the change can be ascertained; and secondly, whether any one instance, although it may have been counteracted in others; and next, if this be impossible, whether the apparent anomaly can be explained on other grounds.

The first ground on which a test would be sought in the price of silver, that article, next to gold, having hitherto been the least liable to variation. But it was long ago pointed out that in those countries where gold and silver constituted equally a legal tender, one metal became relatively more valuable than the other, and that the surplus of gold would thus be reduced, and a large amount of disengaged silver be thrown upon the bullion market in its stead. Previous to the Californian discoveries, silver was the standard in the United States, because since the periods when the double standard was fixed in those countries, it had increased rather more rapidly than gold, and all persons having payments to make selected it, therefore, the value of gold was relatively less than it is now. France, however, as compared with gold, was less than 2 per cent, while in America it was merely fractional. When the Californian supplies came forward, the difference soon disappeared, and silver became relatively more valuable than gold, and the displacement which then, of course, occurred. When 100 francs in gold, instead of being worth 102 francs in silver, fell in value to a fraction below 100 francs in the latter metal, it became forthwith more valuable than gold, and the displacement was complete. In this way a large infusion of gold took place in France, while in the United States it absolutely became the most common circulating medium. Thus, the effect of the discovery of gold was not to increase the value of that metal, but to have diffused over gold and silver, and hence, instead of being equal to 20 per cent, which would have been the case if the £150,000,000 of gold had alone been in question, it has been only 7 1/2 per cent, and has spread over the entire £400,000,000 of gold and silver.

By a recognition of this fact, all surprise at the absence of any very striking disturbances up to the present time is removed. There is quite enough to account for the fact, and an influence operating on one side to the extent of 7 1/2 per cent has been partially rendered imperceptible by the force of circumstances in an opposite direction. In the first place there have been the effects of increased production from free trade and free navigation, the latter of which has been particularly noticeable. A large amount of goods that would otherwise have been in store or in transit to find its way to market. Next, it is impossible to estimate what would have been the extent of the depression in Germany (and Italy, and, lastly, there remains to be taken into account the uniform tendency to a fall in prices consequent upon the march of invention and the simplification of labor.

We have now, however, to consider the future. So long as there is any demand for gold and silver, and countries where, owing to the existence of a double standard, it is optional for the debtor to pay either in gold or in silver, the effects of the increased production will continue to be extended with metals, and the surplus of gold will be less than it is now. It should be, as has been estimated, £25,000,000, its influence on prices could be but 6 or seven per cent. But the period must rapidly approach when the displacement of silver will be complete, and when the change will be complete. It is not, however, in France the existing amount of silver is still doubtless very large, but this is not the case in the United States, and the proposed law by which the coin below a dollar are to be deteriorated 91 per cent will reduce the quantity of silver in circulation to a small amount. In Germany the debased state of the silver coin will likewise for a long time preserve it from displacement. In Holland silver has been already established as the standard, and cannot be displaced. Even if we were to take the value of nations it is difficult to form any estimate. On the whole, however, we may infer the possibility of the displacement process still occupying three or four years, and that during that time, therefore, the effects of the discovery of gold will be spread, as they have thus far been, over both metals.

At the end of that period the consequences will be felt by gold alone, and the relations of property measured by a gold standard, will proportionately exhibit more rapidity of change than when measured by a silver standard. It is not, however, to be overlooked that the increase of gold each year will have meanwhile diminished the per centage of alteration which would otherwise take place. For instance, the total amount of gold in the world, which is now £150,000,000, and a production which, operating upon the first sum, would cause a rise in prices of ten per cent, would, under these circumstances, cause only an additional rise of six per cent. This is a feature of great importance in the whole question, because it constantly tends to counteract that increasing ratio of disturbance which might be anticipated, if the supply of each succeeding year should prove larger and larger. It is likewise to be borne in mind that, while the displacement of silver is in progress, there will be a proportionate diminution in the inducement to seek it. If the quantity of gold were doubled to-morrow, a man who is at present content to work for one ounce a week, would then not be content with less than two ounces.

In the face, however, of these qualifying circumstances, and of the uncertainty of all the assumed totals that have been dealt with, it will be plain to most persons that there is no reason to suggest some very great ideas as to the magnitude of the change coming on. A mistake of a hundred millions in the figures, one way or the other, would only make a difference of three or four years (where the annual supply is at the rate of £30,000,000) in the date of the displacement. Even if the annual supply of £400,000,000 of assumed money available to be acted upon, it would require little more than fifteen years of the existing production to cause an alteration in the relations of property, of fifty per cent.

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To the Baroness and Baroness Wombles.

BARONESS WOMBLES.

AMERICAN MUSEUM.

Mr. Henry L. Bateman, Sir—I understand that you are writing to America offering to engage your children, on your return here next autumn, and saying that your engagement will then have ceased with you. I am surprised at this, inasmuch as I gave you written notice of my intention to renew our engagement for the second year, as I had a right to, according to my contract. I told you my agent you accepted that notice, and you wrote me to the same effect, although the latter part of your letter, I suppose, that because the children have made for each of us a few thousand pounds more than you expected, you can therefore trifle with me, and break an agreement, kept by me in good faith, you made with me; and I will present you for \$50,000 damages, the moment you touch our soil, unless you unhesitatingly fulfill your contract with me. Prosperity will try men even more than adversity, and if you let a few thousands more than adversity, and lead you to ruin, you will come with me, you will rue it till the day of your death.

I ask nothing but what is right, and that I will have, if the power of man can accomplish it. The children can draw an average of \$1,000 per night in America, every night from the day of your arrival until the end of our second year—one-half they draw will be taken by the managers, and one-half of the remainder is mine, and I must have it, or you and the managers will get injunctions every time they attempt to perform. We warned in time.

(Signed.) T. P. BATEMAN.

BATEMAN TO BATEMAN.

CALETONIA HOTEL, EDINBURGH, May 24, 1852.

MR. T. P. BATEMAN—Sir—The contents of your letter, dated May 6, have excited my utmost astonishment. I deny entirely your assertion that you, or your agent in London, have written me to the effect that I have accepted your offer, and that I have agreed to your terms. I have not written you a single line since I received your letter of the 6th inst. I did not do so, nor would I, under any circumstances, have agreed to your name being attached to my children, in their dramatic career, for another year. I propose, on my high return, to give my children to the State to withdraw them from the stage entirely; but it would be a very unsatisfactory conclusion to their triumphant success, before the most critical audiences in the world, were they to be hereafter associated with the spectacle of a child, &c., &c., which has rendered you notorious.

In this country, nothing but the real genius of the children could have overmastered the strong barrier of prejudices your name, previous to their appearance, had appeared against them. I again repeat, that the contract was not, and shall not be renewed. You have this time neither a child nor a woman to contend with, and managers are too well aware of the law in such a case to be debarred from engaging so powerful an attraction as my daughter, &c., &c., which will be everywhere against you, in every city. I shall be prepared to guarantee managers against any loss caused by your ungrounded law proceedings, should you be so ill-advised as to attempt to enforce your contract.

The fortune to which my children's talents will entitle them shall not be made the prey of an avaricious and useless agent. In your previous engagements you had at least the merit of aiding your children to the extent of your means, and you have done nothing. While my children have been achieving the most brilliant triumphs before a European public, and the British press has lavished encomiums upon them unexampled in the history of dramatic representation, you have, using no means to have this known at home, been trusting to their merits alone for a continuance of your splendid profits.

I repeat, your agreement with me, after the 17th of the month of June, shall be null and void. Children will be exclusively under the control of their proper guardian. (Signed.)

H. L. BATEMAN.

THE BATEMAN CHILDREN IN EUROPE.

The success of these extraordinary children has been so brilliant in the United Kingdom, that we conceived a brief summary of their triumphs in the various theatres